

Federal Milk Marketing Order Hearing
Docket Nos. AO-380-A30;DA-01-08
April 16, 2002

My name is Alan Stutzman. I am testifying today on behalf of Magic Valley Quality Milk Producers Assoc. Inc. which is usually referred to as "MVQMP" or "Magic Valley"

Magic Valley is very much opposed to proposals No 6 and No 7 which if adopted could significantly reduce the amount of milk eligible to be diverted and pooled on order 135.

First, speaking to proposal No 6, which would change the diversion limits from a 10/90 ratio to a 30/70 ratio. For every tanker load of milk that Magic Valley presently delivers to a pool distributing plant and additional 9 loads can be diverted to a manufacturing plant. This provision allows the 9 loads associated with the Class I Market to receive the pool blend price.

If, for example Magic Valley normally delivered 3 loads of milk to a pool distributing plant, then 27 loads of milk associated with the market could be diverted to manufacturing plants within the order and be pooled. Under the proposal to change the diversion limits to 30/70 Magic Valley could then only divert 7 loads to a manufacturing plant and receive the pool blend price. The other 20 loads would be priced outside of the minimum class and component prices established monthly by USDA. The difference in the F.O. 135 blend price and Class III price for the past 15 months has averaged eighty five cents [.85¢]

For the past 15 months the amount of milk reported as being utilized as Class I on Order 135 has averaged 85,623,184 pounds or 22.98% of the total milk pooled during the same time period. Total milk pooled has averaged 396,900,356 pounds. The amount of milk that could have been pooled under the 10/90 ratio would have been 856,231,840 pounds. However, if the proposal as presented were to be adopted only 285,410,615 average monthly pounds could be pooled, eliminating some 111,489,741 average monthly pounds that is normally associated with the market.

Proposal No 6 could severely hinder Magic Valley Quality Milk Producers ability to service its Class I market, although small, that it now has. That would place Magic Valley at a distinct disadvantage in their ability to market their members milk at competitive prices. Proposal No 7 which seeks to change the diversion limits based on a "net" basis would further

restrict Magic Valleys ability to pool milk on the order by changing the basis for calculating he amount of milk that could be diverted without changing the diversion limits from their present 10/90 ratio.

With regard to proposal No 10 Magic Valley supports proposal No 10. Evidence and testimony has or will be entered into the record which is consistent with Magic Valleys position in support of the proposal. Magic Valley requests that proposal No 10 be adopted on an emergency basis.